

ORIGINAL

# OPEN MEETING



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## MEMORANDUM RECEIVED

Arizona Corporation Commission  
**DOCKETED**

TO: THE COMMISSION

2009 AUG 11 P 4: 46

FROM: Utilities Division

AL CORP COMMISSION  
DOCKET CONTROL

AUG 11 2009

DATE: August 11, 2009

DOCKETED BY	<i>mm</i>
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RE: TUCSON ELECTRIC POWER COMPANY – APPLICATION FOR APPROVAL  
TO CONTINUE THE ON-LINE AUDIT COMPONENT OF ITS EDUCATION AND  
OUTREACH PROGRAM (DOCKET NO. E-01933A-07-0401)

On July 2, 2009, Tucson Electric Power Company (“TEP” or “the Company”) filed a request for continuation of the on-line energy audit component of its enhanced Education and Outreach (“EO”) Program. The new EO program was approved on July 3, 2008, in Decision No. 70402, and consolidated previously separate residential, commercial and academic energy education programs. Spending was also increased.<sup>1</sup>

On-line energy audits were among the programs consolidated under Decision No. 70402.<sup>2</sup> The energy audits were designed to assist residential and commercial customers in managing energy use and controlling energy costs. Continuation of the on-line audits as a component of the enhanced EO program was approved on only an interim basis, due to concern over low participation rates, particularly for commercial customers. Staff concluded that without significant improvement, continuation of the on-line energy audit component (the “Energy Advisor”) could not be justified.

TEP had not determined the specific reason or reasons for low participation, but indicated that a lack of public awareness, and issues with the survey or software could be contributing factors.

Decision No. 70402 ordered the Company to determine why participation rates were low for commercial customers. Footnote 3 of the Order also recommended that participation by residential customers be improved.

The Company was ordered to apply to continue the on-line energy audits one year following approval of the new EO program, if the on-line audit component was continued in its existing form. Alternatively, if TEP determined that it was necessary to significantly revise the existing program component (for example, by changing software), the Company was ordered to apply for approval one year following implementation of the revised program component.

<sup>1</sup> From a total of \$300,119 for the separate programs, to \$496,000 for the combined and enhanced EO program.

<sup>2</sup> Both commercial and residential audits utilize an on-line auditing tool entitled the “Energy Advisor.”

TEP determined that the low participation cited in Decision No. 70402 was due to limited public awareness of the on-line energy audits and, after one year, filed to continue the existing program with improved marketing. The Company updated the Energy Advisor's cooling calculator with local costs and energy usage, and made it easier to access the Energy Advisor, but otherwise continued the on-line energy audit component in its existing form.

When TEP's education and outreach efforts consisted of separate programs, advertising of the Energy Advisor was limited to approximately three months of the year. Under the current enhanced and consolidated EO program, marketing is now year-round, and includes bill inserts, print and radio advertisements, and website marketing.

From July 2008 through May 2009, TEP spent \$85,150 to market the Energy Advisor, resulting in a large increase in participation by residential customers, and a smaller, but significant increase in participation by commercial customers.

The number of completed on-line residential energy audits from January through May 2009 was 3,038, compared to 888 during the same period in 2008. This represents a 242 percent increase. The number of completed on-line commercial energy audits from January through May 2009 was 61, compared to 47 for the same period during 2008, representing a 30 percent increase. TEP projects approximately 140 completed commercial on-line energy audits by year end, 2009.

TEP also plans to conduct a survey of customers participating in its on-line audits, to evaluate the Energy Advisor. The Company will include an analysis of the results of its survey in the next semi-annual DSM report.

The Company will also report participation rates in its semi-annual demand-side management reports, on an on going basis. Staff reviews these reports to monitor participation and to ensure programs are otherwise performing as anticipated.

Staff recommends that the Commission approve continuation of the on-line energy audit component. The increase in public awareness brought about by additional marketing has translated into a much higher level of participation by residential customers. Participation by commercial customers, a customer segment normally difficult to reach with DSM programs, has also shown improvement. Staff recommends that the Company continue to work toward increased participation by both residential and commercial customers.

#### Summary of Staff Recommendations

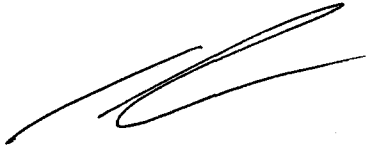
- Staff recommends that the on-line energy audit component of the EO program be approved for continuation until further order of the Commission.

THE COMMISSION

August 11, 2009

Page 3

- Staff recommends that the Company continue to work toward increased participation by both residential and commercial customers.



Steven M. Olea  
Director  
Utilities Division

SMO:JMK:lhmfJFW

ORIGINATOR: Julie McNeely-Kirwan

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

KRISTIN K. MAYES  
Chairman  
GARY PIERCE  
Commissioner  
PAUL NEWMAN  
Commissioner  
SANDRA D. KENNEDY  
Commissioner  
BOB STUMP  
Commissioner

IN THE MATTER OF THE APPLICATION  
OF TUCSON ELECTRIC POWER  
COMPANY'S REQUEST FOR APPROVAL  
TO CONTINUE THE ON-LINE AUDIT  
COMPONENT OF ITS EDUCATION AND  
OUTREACH DSM PROGRAM

DOCKET NO. E-01933A-07-0401  
DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
August 25 and 26, 2009  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company ("TEP" or "the Company") is engaged in providing electric power within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission.
2. On July 2, 2009, TEP filed a request for continuation of the on-line energy audit component of its enhanced Education and Outreach ("EO") Program. The new EO program was approved on July 3, 2008, in Decision No. 70402, and consolidated previously separate residential, commercial and academic energy education programs. Spending was also increased.<sup>1</sup>
3. On-line energy audits were among the programs consolidated under Decision No. 70402.<sup>2</sup> The energy audits were designed to assist residential and commercial customers in managing energy use and controlling energy costs. Continuation of the on-line audits as a

<sup>1</sup> From a total of \$300,119 for the separate programs, to \$496,000 for the combined and enhanced EO program.  
<sup>2</sup> Both commercial and residential audits utilize an on-line auditing tool entitled the "Energy Advisor."

1 component of the enhanced EO program was approved on only an interim basis, due to concern  
2 over low participation rates, particularly for commercial customers. Staff concluded that without  
3 significant improvement, continuation of the on-line energy audit component could not be  
4 justified.

5 4. TEP had not determined the specific reason or reasons for low participation, but  
6 indicated that a lack of public awareness, and issues with the survey or software could be  
7 contributing factors.

8 5. Decision No. 70402 ordered the Company to determine why participation rates  
9 were low for commercial customers. Footnote 3 of the Order also recommended that participation  
10 by residential customers be improved.

11 6. The Company was ordered to apply to continue the on-line energy audits one year  
12 following approval of the new EO program, if the on-line audit component was continued in its  
13 existing form. Alternatively, if TEP determined that it was necessary to significantly revise the  
14 existing program component (for example, by changing software), the Company was ordered to  
15 apply for approval one year following implementation of the revised program component.

16 7. TEP determined that the low participation cited in Decision No. 70402 was due to  
17 limited public awareness of the on-line energy audits and, after one year, filed to continue the  
18 existing program with improved marketing. The Company updated the Energy Advisor's cooling  
19 calculator with local costs and energy usage, and made it easier to access the Energy Advisor, but  
20 otherwise continued the on-line energy audit component in its existing form.

21 8. When TEP's education and outreach efforts consisted of separate programs,  
22 advertising of the Energy Advisor was limited to approximately three months of the year. Under  
23 the current enhanced and consolidated EO program, marketing is now year-round, and includes  
24 bill inserts, print and radio advertisements, and website marketing.

25 9. From July 2008 through May 2009, TEP spent \$85,150 to market the Energy  
26 Advisor, resulting in a large increase in participation by residential customers, and a smaller, but  
27 significant increase in participation by commercial customers.

28 ...

10. The number of completed on-line residential energy audits from January through May 2009 was 3,038, compared to 888 during the same period in 2008.. This represents a 242 percent increase. The number of completed on-line commercial energy audits from January through May 2009 was 61, compared to 47 for the same period during 2008, representing a 30 percent increase. TEP projects approximately 140 completed commercial on-line energy audits by year end, 2009.

11. TEP also plans to conduct a survey of customers participating in its on-line audits, to evaluate the Energy Advisor. The Company will include an analysis of the results of its survey in the next semi-annual DSM report.

12. The Company will also report participation rates in its semi-annual demand-side management reports, on an on going basis. Staff reviews these reports to monitor participation and to ensure programs are otherwise performing as anticipated.

13. Staff has recommended that the Commission approve continuation of the on-line energy audit component. The increase in public awareness brought about by additional marketing has translated into a much higher level of participation by residential customers. Participation by commercial customers, a customer segment normally difficult to reach with DSM programs, has also shown improvement. Staff has recommended that the Company continue to work toward increased participation by both residential and commercial customers.

## CONCLUSIONS OF LAW

1. TEP is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over TEP and over the subject matter of the application.

3. The Commission, having reviewed the application and Staff's Memorandum dated August 11, 2009, concludes that it is in the public interest to approve continuation of the on-line energy audit component of the EO program.

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ORDER

IT IS THEREFORE ORDERED that the on-line energy audit component of the Energy and Outreach program for Tucson Electric Power Company be approved for continuation as discussed herein until further order of the Commission.

IT IS FURTHER ORDERED that Tucson Electric Power Company continue to work toward increased participation by both residential and commercial customers.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
ERNEST G. JOHNSON  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

SMO:JMK:lhv/JFW

Decision No. \_\_\_\_\_

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2 DOCKET NO. E-01933A-07-0401

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